

Meeting Report
Budget Review Meeting
Wednesday, October 27, 2010
Penn Room

Attending: V. Spencer, J. Waltman, F. Acosta, L. Kelleher, M. Goodman-Hinnershitz, D. Sterner, S. Marmarou, D. Reed, F. Denbowski, C. Younger, C. Geffken, C. Weidel, D. Cieniewicz, R. Hatt, P. Hoh, E. Schlegel, D. Cituk, N. Long, S. Georgeadis, F. Kasprowicz, S. Phile, C. Jones, G. Zolna

Mr. Acosta, Finance Committee Chair, called the meeting to order at 4:40 p.m.

Follow-up Budget Questions

Mr. Geffken stated that the written response to the follow-up questions would be distributed before Saturday's Review Meeting. He noted that he plans to distribute the response via e mail on Thursday.

Recycling & Trash

Mr. Denbowski stated that corrections were made to the budget that appears in the budget books. He distributed revised copies. He explained that the collections services increased by the standard 3.21% CPI. He stated that the salary line item in the recycling budget covers seven employees including employees who were transferred from Highways to cover the collection of leaves and yard waste. There are six (6) part-time employees who cover education, graffiti removal and environmental assistance.

Mr. Denbowski stated that the Trash salary line item covers two (2) collection employees.

Council requested that the budget be amended to split the amount of indirect costs (\$170,000) out under the individual Trash and Recycling areas, rather than showing the indirect costs as a lump sum under one budget. He explained that CDBG funding is used to cover the replacement costs of the trash receptacles. He stated that the new dual trash/recycling cans will replace the existing receptacles located on sidewalks as they deter illegal dumping.

Water

Mr. Acosta questioned the depreciation costs in the Water area. Mr. Geffken noted the need to remove the depreciation costs in the following sections:

Water Admin	Depreciation	50-15-81-4738	50,000
Water Collect	Depreciation	50-15-83-4738	6,500
Water Purif	Depreciation	50-15-84-4738	108,000
Water Pump	Depreciation	50-15-85-4738	16,700
Water Distrib	Depreciation	50-15-86-4738	785,000

Library

Mr. Geffken stated that one librarian was cut from the Circulation Department. Hestated that the Administration and Library reached an understanding on this issue at their meeting earlier today.

Mr. Geffken stated that the following changes/corrections are needed as follows:

- Contingency move \$100,000 from Library to Non Departmental
- Light and Power – remove \$125,000 allocation as bill is covered by the Library itself
- Fringe Benefits – decrease the allocation in Circulation to \$80,000 from \$94,913

Ms. Weidel left the meeting.

Mr. Geffken stated that an additional Fringe Benefit allocation in Children's Services may be required due to the need to cover a pensioner's medical benefits cost.

Mr. Hatt noted the need to address two other issues:

1. Moving the \$14,000 allocation for the summer reading program from the Main Branch to the SE Branch due to the partnership with Olivets.
2. Include an allocation of \$110,000 in the CDBG Budget for roof repairs, to "match" the Library's contribution of \$140,000 to this project.

Mr. Hatt also reported that the State has provided a grant of \$250,000 for other Library repairs.

Mr. Schlegel distributed a report prepared by Burkey Construction which defines the much needed repair work to the Library facilities. The report covers \$1.5M in repairs

broken out over a three (3) year period.

Mr. Schlegel expressed concern that the City would budget \$150,000 for BCTV, \$200,000 for data cleansing and \$300,000 for the Services Center when it is allowing the Library facilities to fall in shambles. He requested that \$234,000 be reinstated in the CIP for Library repairs.

Mr. Geffken expressed the belief that the City can provide \$50,000 for the roof repairs from CDBG-R funds. Mr. Spencer requested a break out on the amount of money that is left in the CDBG-R account.

The group discussed the need to find consistent funding sources for the Library facility and overall programs, as operating on a shoe-string budget is not working. The belief that the Main Branch is used harder by the County residents was discussed. It was noted that the Library has expanded its search for applicable grants to cover facility issues and programs.

Mr. Hatt explained that the expected local contribution is based on a formula requiring \$2 for each resident. Using this formula, Reading should be contributing approximately \$170,000 per year.

Council applauded the efforts made by the Library to obtain contributions, raise funds, obtain grants, etc.

Property Tax Billing and Collection

Mr. Acosta introduced Mr. Long, Mr. Georgeadis and Ms. Phile from the County Treasurer's Office.

Mr. Georgeadis explained that before 2009, billing and collections were covered by two (2) different departments. In 2009 collections and billing were merged and located in the Treasurer's Office, which helped to correct systemic problems in the collections area. Since 2009 the backlog has been eliminated. He stated that staff is cross trained for all functions and the consolidated service is running efficiently.

Mr. Spencer inquired how the new process differs from that used before. Mr. Long replied that the backlog has been cleared which allows timely reimbursement of funds to municipalities.

Mr. Spencer inquired about the statute that provides tax collection authority. Mr. Georgeadis explained that tax collection authority is provided by the Real Estate Tax

Sale Law. He added that in 1997 the Municipal Claims Act was amended and now provides a faster collection approach than the Real Estate Tax Sale Law and allows the taking of a property. He stated that this amended law also allows the use of a 3rd party collector. The 2010 amendment allows the use of the Municipal Claims Act simultaneously with the Real Estate Tax Sale Law. He explained that the dual methods are used in York County and result in speedier collection. He also noted that this approach is friendlier than a 3rd party collector.

Mr. Georgeadis stated that Boyertown and Wyomissing currently use a 3rd party collection in place of the County system. He explained the requirement to pay Berks County 5% of the total amount collected per year, even if a 3rd party collector is used.

Mr. Spencer requested additional information on the collection process used along with a timeline. He also inquired about the use of a payment plan.

Mr. Acosta inquired about the length of time it takes for a property to move into Tax Claim Sale. Mr. Georgeadis stated that the Tax Claim Sale process begins one year after the delinquency occurs; however, the use of the Municipal Claims Act speeds the judicial sale process by about 10 months.

Mr. Long stated that approximately 13,000 properties become delinquent and of those only 200 go through the tax sale process. He stated that the County provides various payment methods such as a payment plan. He added that partial payments are credited across all taxes owed. He stated that the 9000 properties at the Upset Sale level were reduced to 300 for the Free and Clear Sale. Mr. Georgeadis stated that the process takes approximately two (2) years to complete.

Ms. Phile explained the new tougher approach used to encourage fast payment. She stated that three (3) tax sales are held each year.

Ms. Goodman-Hinnershitz requested a written proposal for billing and collection services with a timeline.

Mr. Cituk expressed concern that the change in collection practices could severely handicap the City's cash situation. He inquired if installment payments are offered. Mr. Long stated that installment payments are not permitted.

Ms. Reed expressed her belief in using a local collector rather than an out of town business.

Mr. Waltman reminded Mr. Geffken of his request for a proforma for tax collection. Mr. Long explained that the County charges approximately 20 cents per bill. And the mailing costs are shared. He explained that the City will no longer collect a tax certification fee and that the County's current certification fee of \$20 would be increased to \$25 for City properties. He added that the certification fees collected would be retained by the County.

Mr. Long next described the next day availability of funds and their program to eliminate double payments. He added that other service line items can be added as there are nine (9) lines available on the bill. He stated that they handle trash and recycling collection for other municipalities. He stated that the City's collection can be handled by existing staff.

Mr. Cituk inquired if the School District will also use the County. Mr. Long stated that the School District has not approached him about collection but that the County could not take them on immediately.

Mr. Long was asked to prepare and submit a proposal for tax billing and collection along with a collections timeline and the amount billed vs. collected per month and per year.

Non Departmental

Mr. Geffken explained some of the line items. He stated that the RRA Garage line item covers the City's payment for the Public Works facility. He stated that the RRA transaction was zeroed out as the contract has expired.

Ms. Kelleher inquired about the expenses for the Center for Local Government and the Chamber. Mr. Geffken stated that he would research this issue further

BCTV - Ms. Reed stated that she objects to providing funding for BCTV in the CDBG and General Fund areas. She noted that BCTV has switched to more of a news organization rather than a community service center. She noted the news approach has blurred the line between government and media.

Mr. Spencer inquired about the use of the BCTV funding. He noted that they were funded at the \$75,000 level last year. He added that they were to make capital improvements to the MAC system with the franchise fee money the City received in 2006.

Ms. Reed stated that funding BCTV may be a conflict of interest as the Mayor serves as

a BCTV board member. She also questioned her ability to vote on the CDBG Budget and General Fund Budget that includes BCTV funding as she received payment for writing articles posted on the BCTV website.

Mr. Spencer stated the needs of the Library are very critical and questioned providing BCTV with \$150,000, as that is more than is provided to the Library.

Ms. Reed also noted that Reading is the only municipality paying for the Municipal Access Channel. She expressed the belief that other municipalities should be open and have their meetings televised.

Mr. Spencer asked Mr. Geffken to ask BCTV to attend the Saturday budget session.

Animal Rescue League – Mr. Cituk stated that this figure needs to be increased due to contractual language.

Unemployment – Mr. Cituk stated that this figure can be dramatically reduced as the City is only required to cover 26 weeks of a separated employee's unemployment compensation. He said he will make a recommendation.

Contingency – Mr. Geffken stated that this amount represents 1.5% of the total budget which he would like to reserve as a nest egg. He stated that best practices require the reservation of 2-3% annually.

DID – Ms. Reed stated that DID is having some issues with the collection of their assessments and that there are gaps that prevent full funding of their services. Mr. Geffken was asked to have Mr. Broad provide a written memo regarding DID's financial issues and the services they provide.

The meeting concluded at approximately 7:20 pm.

Respectfully submitted by Linda A. Kelleher CMC, City Clerk